ABSTRACT OF DISCLOSURE

Financial instruments to protect the value of residential homes are described. A method for generation of publicly traded notes backed by ownership of single family homes to allow financial markets to provide instruments for investors and home owners to profit from price changes in the value of single family homes. A fraction of the title to the land and dwelling of many single family homes are bundled, separately from that of the traditional mortgages, creating the equivalent of mortgage-backed-securities such as Ginnie Maes, which are marketed to public investors. These securities, herein referred to as home asset value enhancement notes (HAVENs), can be used by individual homeowners as a hedge against any declines in value of their individual homes. They can also be purchased by the general public as a direct investment in the aggregate value of residential real estate. Analogous to exchange traded funds (ETFs), they can be held as long or short positions, and thus are suitable for capitalizing on long-term appreciation in residential housing, or protecting house values over short or intermediate term declines in home prices, as might be done by home builders or individual home owners who are not able to hold the real estate assets over longer periods of time. HAVENs are intended to serve purposes similar to those of commodity contracts available to producers and consumers of commodities other than houses, such as precious metals, agricultural products or livestock. HAVENs differ from traditional insurance, in that no up-front payment is necessary to secure protection; instead a portion of ownership is pledged. In addition, this greatly broadens the public participation and thus spreads the risk. Traditional insurance resources based on homeowner premiums could be overwhelmed in a depression environment, increasing the risk that the homeowner would not be covered for his losses on sale of the property.